

# Overview of BEA Activities and Plans

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## 2003 Year in Review

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- Productive year in improving the accuracy, timeliness, and relevance of the accounts
- Also, a year of challenges and successes in Information Technology and Management
  - Launched new BEA Web site and modernized components of data infrastructure and processing systems
  - Received top ratings on OMB Program Assessment Rating Tool and OPM Organizational Assessment Survey



## Comprehensive Revision Overview: No significant rewrite of economic history

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- Long-run growth rates of current-dollar and real GDP the same or virtually the same
- High rate of growth during 1990s not changed
- Most recent recession and current expansion both slightly milder
  - Differences between revised estimates and previously published estimates small
  - GDP growth still shows slowdown in second half of 2000, but now includes decline in 2000:III



## Comprehensive Revision Overview: No significant rewrite of economic history

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- Average annual increase in price index for gross domestic purchases for 1929-2002 unchanged
- Downward savings trend since early 1990s still there, but personal saving & national saving rate levels lower
  - Upward revision to consumer spending, especially services



## National Accounts

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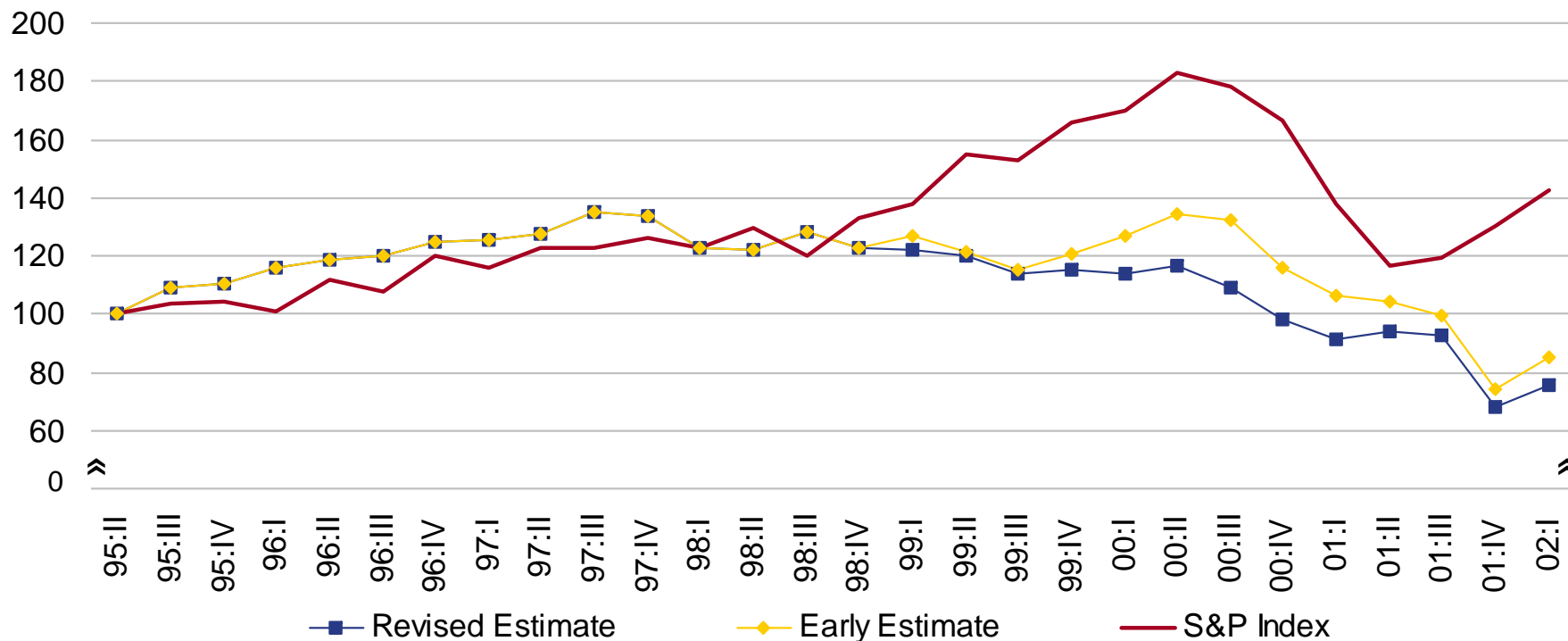
- Incorporated additional quality-adjusted price indexes: non-residential structures and photocopier equipment
- Developed updated methodologies ranging from used autos and travel to insurance and banking
- Improved income estimates ranging from employee stock options and pensions to corporate profits estimates and Medicare



# Current Topics: Measuring Corporate Profits

## 2002 Annual Revision Corporate Profits Growth vs. S&P Index

(Indexed, 1995:II = 100)



Source: BEA press releases and Standard & Poor's, Inc.



## National Accounts

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- Redesigned and expanded the entire structure of the accounts to provide:
  - More information in an easier-to-use format
    - Move from old 5 account summary format to new 7 account format
    - Over 100 new analytical tables
    - Incorporation of NAICS
  - Better alignment with international standards





## International Accounts

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- Accelerated release of monthly international trade in goods & services by one week
- Completed incorporation of NAICS basis in the Direct Investment Accounts
- Filled gaps in coverage of U.S. international assets and liabilities
- Completed implementation of electronic reporting for all active international surveys





## Regional Accounts

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- Developed first sets of state and local area personal income estimates on NAICS basis
- Accelerated Gross State Product (GSP) release by one month; conducted research to accelerate by 13 months
- Launched new interactive mapping Web site for GSP



## Industry Accounts

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- Published benchmark input-output accounts using NAICS
- Accelerated GDP by industry release by seven months
- Restored and expanded annual input-output and other industry data
- Made progress on accelerating input-output accounts, integrating the industry accounts, and “backcasting” NAICS
- Produced new quarterly Travel and Tourism Satellite Account data series



## Integrity and Objectivity of Public Data

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- Issues:
  - “Cooking the Books” – NIPA revisions
  - Bob Novak – hiding the bad news from the public in the Clinton-Gore administration
  - Chained-dollars – Clinton and Europe
- Federal role:
  - Right trade off between timeliness and accuracy
  - Independent reviews
  - Reproducibility – public schedules, methodologies and source data



## Integrity and Objectivity of Public Data

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- Federal role (con't):
  - Integrity – procedures to ensure integrity relating to access, personnel and dissemination
- Private role:
  - Review of procedures and consultation with agencies
  - Partnership in research
  - Objective (nonpartisan) professional support of procedures when needed
  - Support for change and resources to affect change



## Current Topics: MNCs – Fact or Fallacy?

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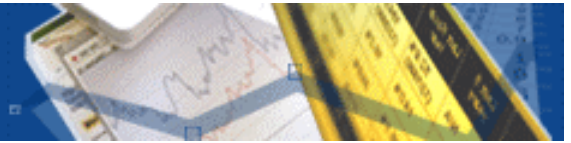
- U.S. multinational companies accused of exporting jobs to low wage countries
- Yet, BEA data based on mandatory reports show that:
  - Share of U.S. MNC production and employment in the U.S. has remained roughly constant at 75 percent for over three decades
  - Roughly two-thirds of U.S. foreign direct investment is in high-wage countries



## What Challenges Remain?

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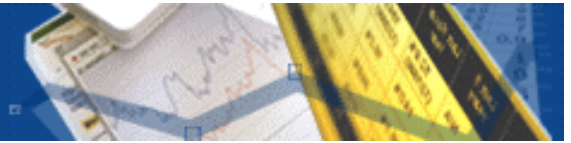
- Large gaps in coverage remain
  - Detailed data on manufacturing, agriculture, & mining
  - Poor coverage of many new and old industries
- Over 1/4 of GDP estimated using a patchwork of data
  - Census data on finance, insurance, utilities, real estate, and a large share of transportation are only available once every 5 years
  - Growth and volatility coupled with lack of quarterly business and personal services data has resulted in a large source of revisions to GDP



## What Challenges Remain?

- Monthly payroll data cover primarily the wages and salaries of hourly workers, who account for a little over half of wages and salaries in today's economy
- Data on producers prices cover roughly half of service industry prices
- Need for more timely international, regional, industry, and national data
- Incomplete integration of U.S. economic accounts and inconsistencies reduce their usefulness
- All of these challenges are on BEA/Census/BLS strategic agendas; but in a world of constrained resources, progress has been slow





## What Challenges Remain? Near-term Plans

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- National - SNA revision, next steps in processing system redesign, “real-time” data, and integration BEA/FRB
- International - BPM revision, improved coverage of services, integration BEA/FRB, IMF/SDDS and other updates, and more timely services and FDI data
- Regional - More timely State Personal Income, GSP, local, and metropolitan area data, updated concepts, and updated RIMS



## What Challenges Remain? Near-term Plans

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- Industry -- Integrated GDP by Industry and I-O Accounts, improved ability to cross-walk between BEA industry accounts and BLS productivity accounts, and greater time series consistency
- Across-the-board -- continued updating of the accounts, and further improvements in human resources and IT management.



## Strategic Plan: FY 2004-FY 2008

### Preliminary Plan

- Provides direction for BEA programs
- Highlights challenges and goals
- Outlines steps to take to achieve mission and goals
- Presented to you for your feedback
- Comments are welcome through **March 31, 2004**

